



## MEMORANDUM

**TO:** District of Columbia Zoning Commission

**FROM:** Jennifer Steingasser, Deputy Director Development Review & Historic Preservation

**DATE:** January 31, 2014

**SUBJECT:** ZC 03-12 R / 03-13 R --Extension Request No. 2 for PUD Case 03-12I / 03-13I Capper Carrollsburg, residential buildings in Squares 739, 767 and 768

### **RECOMMENDATION**

The Office of Planning (OP) recommends the Commission **approve a two year extension, rather than the requested five year extension**, for the first stage PUD approval of the mixed-income and mixed-use development in Squares 739, 767 and 768. OP recommends the shorter extension because, while the application's Exhibits B, C and D describe conditions affecting the financing of mixed-income residential developments, the applicant does not explain why a five year extension, rather than the more typical two year or three year extension, is necessary for a project that includes 237 units of rental public housing.

In a separate application (03-12Q/03-13Q) the applicant has requested modifications to the approved PUD for the parcels for which this extension is sought. The modification seeks to reallocate some of the affordable units to an off-site location adjacent to the PUD. OP has analyzed that application in a separate report.

<b>Applicant:</b>	Capper/Carrollsburg Venture LLC and DC Housing Authority
<b>Address:</b>	Square 739, Lots 800, 801, 802 ; Square 767, Lots 44, 45, 46; Square 768, Lots 19, 20, 21, 22 <i>[See Map on page 2 for locations]</i> .
<b>Ward / ANC</b>	Ward 6, Within ANC 6D
<b>Project Summary:</b>	Three buildings totaling 736 residential units and 21,250 square feet of ground floor retail uses. 237 of the residential units are to be ACC rental public housing. <i>[See Map on page 2 for approved development for individual buildings]</i> .
<b>Order Effective Date:</b>	Original First Stage Order, 03-12/03-13 effective October 8, 2004.
<b>Previous Extension:</b>	One: 03-12 I/03-13 I effective June 26, 2009.
<b>Order Expiration Date:</b>	December 31, 2013
<b>Requested Extension Period</b>	5 years. Stage 2 application would need to be filed by Dec. 31, 2018.

### **EVALUATION OF THE EXTENSION REQUEST**

Section 2408.10 permits the extension of a PUD for "good cause" shown upon the filing of a written request by the applicant before the expiration of the approval; provided that the Zoning Commission determines that the following requirements are met:

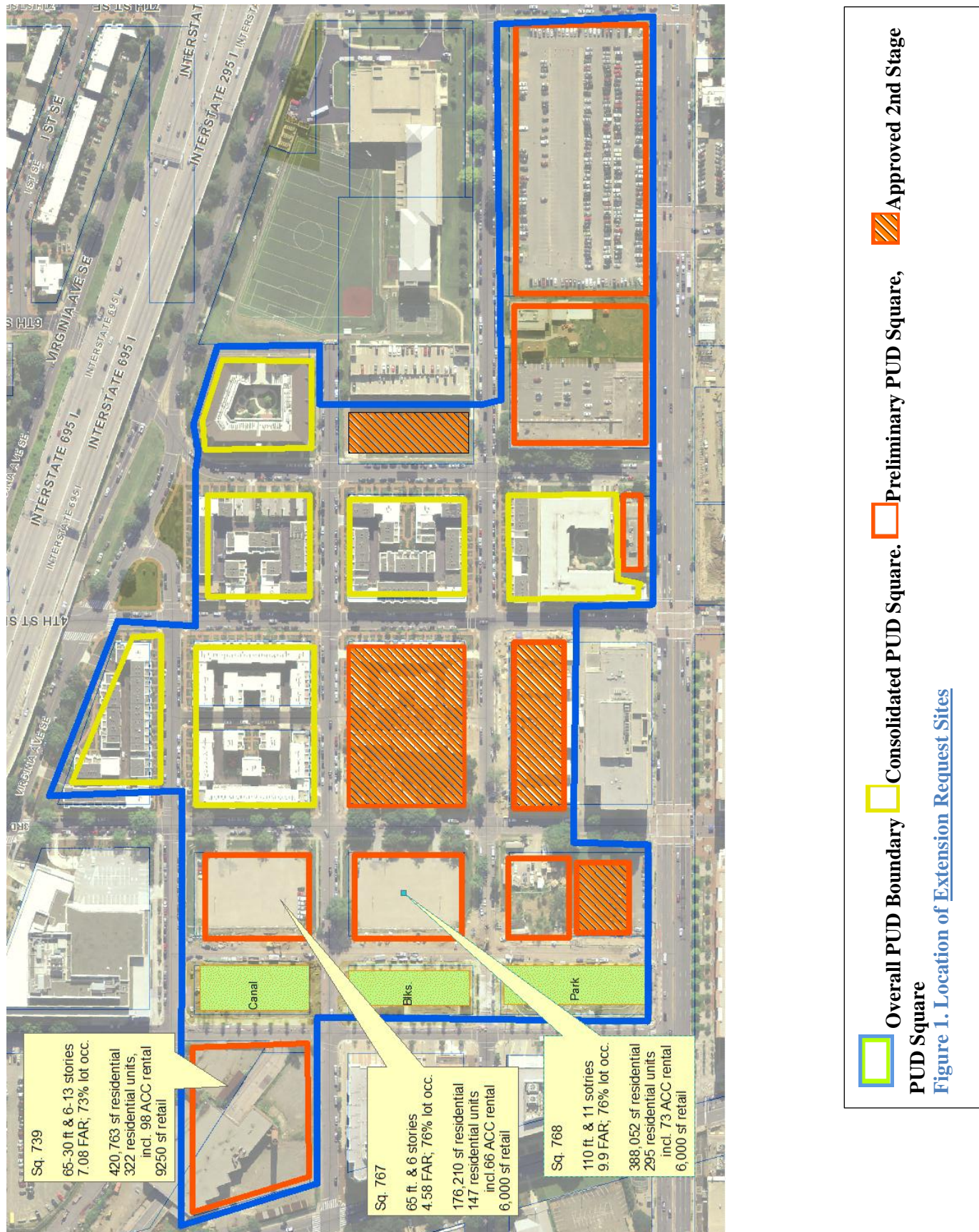
- (a) **The extension request is served on all parties to the application by the applicant, and all parties are allowed thirty (30) days to respond.**

The December 31, 2013 application has been in the public record since January 2, 2014

- (b) **There is no substantial change in any of the material facts upon which the Zoning Commission based its original approval of the planned unit development that would undermine the commission's justification for approving the original PUD.**



There have been no substantial changes to the Zoning Regulations, Comprehensive Plan or the surrounding development that would undermine the rationale for the Commission's previous approval.



**The applicant demonstrates with substantial evidence that there is good cause for such extension, as provided in § 2408.11**

Section 2408.11 sets out the conditions of good cause as:

- (a) An inability to obtain sufficient project financing for the planned unit development, following an applicant's diligent good faith efforts to obtain such financing, because of changes in economic and market conditions beyond the applicant's reasonable control;*
- (b) An inability to secure all required governmental agency approvals for a planned unit development by the expiration date of the planned unit development order because of delays in the governmental agency approval process that are beyond the applicant's reasonable control; or*
- (c) The existence of pending litigation or such other condition, circumstance or factor beyond the applicant's reasonable control which renders the applicant unable to comply with the time limits of the planned unit development order.*

The applicant has submitted three documents demonstrating that the application meets the first good cause condition – an inability to obtain sufficient financing.

- The general contraction of capital markets after September 2008 significantly reduced the risk that lenders were willing to take when considering project financing. Residential development with an affordable or low-income component of more than 20% has sometimes been a difficult product for which to secure financing and the recession such a development an all but impossible product to finance.
- Timing delays negatively affected public funding scenarios. The Capper-Carrollsborg PUD was structured to front-end a significant amount of market rate residential and office construction in order to improve the later conditions for the financing of mixed-rate housing. By the DCHA was in a position to seek Low Income Housing Tax Credits (LITEC) for the remainder of the project, U.S. census data for 2013 indicated that the PUD site was no longer a “difficult development area”, and no longer qualified for what effectively had amounted to a 30% reduction in the amount of equity required for a housing project using LITEC.

The application's Exhibit C summarizes the affordable housing that has already been built within the PUD boundaries, and the last bullet on page two of Exhibit B explains the recent changes in HUD policy and programs that will give DCHA a potential new vehicle to improve its prospects for securing mixed-income residential construction loans in the future.

There is a significant need for lower income rental housing in the District, and some former residents of the now-demolished Capper-Carrollsborg public housing project have been waiting for a decade to return to their former neighborhood. For these reasons, OP suggests that a two year extension is more appropriate than a five year extension for this much-needed project.

ANC 6D has not yet considered the application. The applicant planned to discuss the extension request with the ANC after the Zoning Commission decides whether to set-down the applicant concurrent application for a modification of the 1<sup>st</sup> stage PUD for which the present extension is being requested.

JS/slc AICP

Case Manager: Stephen Cochran, AICP